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June 17, 1982

NSC Review Complete as Redacted.

*ER-file
(East West
Policy etc.)*MS. NANCY BEARG DYKE
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Executive Secretary
Central Intelligence AgencyMS. JACKIE TILLMAN
Executive Assistant to the United
States Representative to the
United Nations
Department of StateMR. DENNIS WHITFIELD
Executive Assistant to the United
States Trade RepresentativeCOLONEL CHARLES F. STEBBINS
Executive Assistant to the
Chairman, Joint Chiefs of StaffSUBJECT: December 30, 1981 Sanctions on Oil and Gas Equipment
to the Soviet UnionAttached is the background paper for the NSC meeting on June 18,
1982, at 1:15 p.m., on the above subject.*Michael O. Wheeler*
Michael O. Wheeler
Staff Secretary

Attachment

CONFIDENTIAL with
Review June 16, 1988
SECRET ATTACHMENT*Copy provided by Opns Cntr.
to [Redacted] per my
instructions 1905 6/17/82.
will integrate into DCI's book
for NSC meeting JSC B-223*25X1
25X1

SECRET*Conmark*NSC Meeting on the December 30, 1981 Sanctions
on Oil and Gas Equipment to the Soviet Union

In the NSC meeting of May 24, the President deferred a decision on whether to maintain, rescind, or extend the December 30 sanctions until after the Versailles and Bonn Summits. Nevertheless, he used the occasion of the meeting to indicate his general views on this subject. Among the views expressed at the meeting were:

1. The purpose of the December 30 sanctions was to advance reconciliation in Poland through concrete measures.

2. The initiative on East-West credits is solely linked to consideration of extraterritorial controls on oil and gas equipment.

3. Concern that U.S. credibility would be undermined by relaxing the sanctions prior to substantial improvement in the Polish situation and a meaningful allied agreement on credits.

4. A desire to persuade the Allies to move forward with the development of North Sea gas reserves on an accelerated basis and to abandon the second strand of the Siberian gas pipeline.

While developments at the Summits remain fresh in the minds of the participants, the President wishes to once again review the credit initiative and the December 30, 1981 sanctions and decide on one of the following options:

- | <u>OK</u> | <u>No</u> | |
|-----------|-----------|--|
| _____ | _____ | 1. Lift the December 30, 1981 sanctions on oil and gas equipment exports to the USSR governed by existing contracts. |
| _____ | _____ | 2. Maintain the December 30 sanctions as presently constituted. |
| _____ | _____ | 3. Extend the December 30 sanctions to include subsidiaries and licensees of U.S. companies abroad. |
| _____ | _____ | 4. Approve on an exceptional basis U.S. export licenses for the Sakhalin project. |

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